Newfoundland Labrador

DEPARTMENT OF FINANCE
TAX ADMINISTRATION DIVISION

Bulletin No. Tob 426
Issue Date: July 1, 2015

TAX INFORMATION BULLETIN
TOBACCO TAX
LABRADOR BORDER ZONES

Effective 12:01 a.m. July 1, 2015, a tobacco tax rebate has been continued for Labrador West (Labrador City and Wabush) and introduced for Southern Labrador (from the Quebec border to and including the community of Red Bay).

Tobacco tax rebate rates in these areas apply as follows:

	General Tax Rate	Rebate Rate	Effective Tax Rate
Cigarettes (per cigarette)	23.5¢	10.75¢	12.75¢
Fine Cut Tobacco (per gram)	38¢	23.36¢	14.64¢

These reduced rates substantially align the Labrador border zones' effective tobacco taxation rates to those in Quebec. This measure is designed to decrease cross-border shopping, and to make businesses in the Labrador border zones more competitive with their Quebec neighbours.

Inventories purchased by Southern Labrador retailers prior to July 1, 2015 will be eligible for a one-time adjustment for the rebate. Retailers must take and record their existing inventory of tobacco products as of 12:01 a.m., Wednesday July 1, 2015. The *Tobacco Rebate Retailer Application Form* must be completed and submitted, along with purchase invoices for June 2015, to the Tax Administration Division of the Department of Finance by July 20, 2015.

Effective July 1, 2015, retailers in Southern Labrador are required to pay the general tax rate of 23.5¢ per cigarette and 38¢ per gram of fine cut tobacco and apply for a rebate of the difference between the general rates and the Labrador border zones rates.

Until July 31, 2015, retailers in Labrador West will continue to purchase tobacco products at a tax reduced rate with wholesalers in this area continuing to remit the tobacco tax at the effective tax rate. Effective August 1, 2015, retailers in

Labrador West will be required to pay the general tax rate and apply for a rebate.

In all cases, consumers in both areas pay the effective tax rate when they purchase tobacco from retailers.

Monthly rebate claims for retailers in both areas should be made using the *Labrador Border Zones Rebate Application Form*.

There is a quota system in place for the Labrador border zones. The annual quota for tobacco eligible for the rebate is 110,000 carton equivalents (cigarettes and fine cut combined) in Labrador West and 16,000 carton equivalents in Southern Labrador. The quota will be monitored on a monthly basis. Rebates will not be granted for quantities in excess of the quota amount.

Rebate claims should be submitted to the address below:

Department of Finance
Tax Administration Division
P.O. Box 8720
St. John's, NL
A1B 4K1
Phone: (709) 729-6297
Toll Free: 1-877-729-6376
Fax: (709) 729-2856
email: taxadmin@gov.nl.ca